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Willis Holcombe Center
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BROWARD COLLEGE

Define yourself.

To: Members of the Board of Trustees

From: J. David Armstrong Jr., President

Date: April 28, 2009

Place: Regular Meeting of the Board of Trustees
Broward College
Boardroom #1208, Bldg. 33, Willis Holcombe Center
111 East Las Olas Boulevard
Fort Lauderdale, FL

Subject: Agenda Item VII-N-Voluntary College Employee Separation Plan (CESP)

Brief Description: The current state of funding requires that the College implement cost-savings measures. The College seeks to partner with Educators Preferred Corporation (EPC) to implement an innovative College Employee Separation Plan (CESP) that does not cut programs, reduce pay, or layoff employees. The plan will allow employees to leave the College with an incentive and is part of the College's strategic effort to respond to the current economic crisis while positioning Broward College to accomplish its mission and goals. EPC has successfully implemented incentive plans involving over \$1 billion in benefits in over 300 educational institutions in the last 20 years.

Benefit to BC: This program provide significant cost savings to the College and will enable the College to respond to the current economic crisis and accomplish its mission and goals.

Relationship to College Master Plan: This program is related to Goal 8 that enables the College to make strategic choices about instructional programming and resources.

Board Agenda Approved: _____
Date: _____

Agenda Item VII-N
Enclosure _____

**BOARD OF TRUSTEES
AGENDA TRANSMITTAL SHEET**

To: **President Armstrong**
From: **Vice President, Human Resources & Equity**

Date: **April 15, 2009**

Subj: **Voluntary Employee Separation Plan**

Background/Analysis. The current state of funding requires that the College implement cost-savings measures. The College seeks to partner with Educators Preferred Corporation (EPC) to implement an innovative College Employee Separation Plan (CESP) that does not cut programs, reduce pay, or layoff employees. The plan will allow employees to leave the College with an incentive and is part of the College's strategic effort to respond to the current economic crisis while positioning Broward College to accomplish its mission and goals. EPC has successfully implemented incentive plans involving over \$1 billion in benefits in over 300 educational institutions in the last 20 years.

Plan Objective. The objective of the College Employee Separation Plan (CESP) is to afford Broward College an opportunity to allow eligible faculty and staff to take advantage of an incentive package while enabling the university to realign faculty and staff resources to attain the College's strategic objectives.

Plan Eligibility. The College Employee Separation Plan (CESP) is a one-time offer to full-time faculty, administrators, and professional technical employees who will have fifteen (15) or more years of service as of June 30, 2009. Part-time employees, and employees who have retired and were subsequently rehired by the College, are not eligible to participate in the plan.

Model Planning Scenario

Faculty/Staff Group	Projected Participation	Incentive Amounts	Number Replaced	Projected Savings Over 8 years
Full-time faculty	27	100% of base salary not to exceed \$50,000	27	\$2,800,000
Administrators	11	100% of base salary not to exceed \$60,000	6	\$4,100,000
Professional Technical Staff	17	100% of base salary not to exceed \$30,000	12	\$3,900,000
				\$10,800,000

Period of Election. The period of election for employees must be 45 days by law. Eligible participants will be mailed an announcement memo and will have a seven (7)

day revocation period after the election period closes. Informational meetings will be conducted on all campuses during the election period. Individual faculty and staff counseling sessions will be provided by EPC during the election period.

Operational Needs. The College reserves the right to retain certain employees for up to one year beyond the separation date based on education and operational needs. Employees who are retained will receive the CESP incentives after they exit.

Implementation. EPC will manage the entire process, including the disbursement of incentives to participants the entire five (5) to eight (8) year period. The Division of Human Resources will provide support for the administration of the plan.

Costs of Plan. EPC requires a \$10,000 retainer to implement the plan. The cost for each employee participating in the plan is \$660.00 paid over a three-year period and deducted from the retainer. Participants' incentives will be paid out of budgetary savings. The monthly benefits are administered through a Group Benefits Administration Contract.

An administrative fee through the Group Benefits Administration Contract is charged for the five or eight year period and amounts to approximately \$1186 for PTS employees, \$2394 for administrators, and \$2019 for faculty. This fee is paid for the administration of the payout by Met Life and includes the cost of insuring the benefit as well as costs involved in the pay out.

Fiscal Impact: \$10,000 down payment that is applied toward the \$220 fee for the first three years of each employee's participation and/ or the administration fee. There will be an additional \$2100 if all 55 employees retire over this down payment. In addition, administrative costs over the three year period for all 55 employees will involve \$54,513 for faculty, \$26,334 for administrators, \$20,162 for professional technical staff. The full cost of the proposal is: \$113,109 over a period of 3 years if 55 employees retire. This proposal will be funded from the College's operational budget.

Initiating Official

Edna B. Chun

**Vice President/Provost
Edna B. Chun, Vice President,
Human Resources & Equity**

THIS RECOMMENDED ACTION MEETS THE FOLLOWING ELEMENT(S) OF THE COLLEGE'S MISSION STATEMENT:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Providing high quality educational programs | <input checked="" type="checkbox"/> Providing high quality services |
| <input type="checkbox"/> Providing for affordability to a diverse community of learners | <input type="checkbox"/> Providing for accessibility to a diverse community of learners |
| <input type="checkbox"/> Commitment to student achievement | <input type="checkbox"/> Commitment to lifelong learning |
| <input checked="" type="checkbox"/> Commitment to academic excellence | <input type="checkbox"/> Providing use of current technology |

BRIEFLY DESCRIBE HOW THIS RECOMMENDATION ACHIEVES THE ABOVE ELEMENT(S) IN THE COLLEGE'S MISSION STATEMENT: This recommendation permits the College to continue to provide high quality educational programs in a difficult budgetary climate.

Minority Firm: Yes ___ No N/A **Broward Firm:** Yes ___ No N/A
revised 11/06



Waiver of Bid Request

REQUESTING DEPARTMENT: Human Resources	CAMPUS: WHC
ORIGINATING COST CENTER:	GRANT COST CENTER (IF APPLICABLE):

Pursuant to Community College Rules 6A-14.0734 and College Policy 6Hx2.7.02, the following acquisition in the amount of \$ 115,000 (approx) over 3 year period is exempt from the competitive solicitation requirement as documented herein.

Description of goods or services: Early retirement program services

Exempt Item Categories (check all applicable):

- Educational tests, textbooks, instructional materials and equipment, films, filmstrips, video tapes, disc or tape recordings (or similar audio-visual materials), computer-based instructional software.
- Library books, reference books, periodicals, and other library materials and supplies.
- Purchases at the unit or contract prices established through competitive solicitations by any unit of government established by law or a non-profit buying cooperative.
contract source and identification number: FEORLA AZ SCHOOLS PPP34-02
- Food.
- Service or commodities available from a single or sole source.
- Professional services, including but not limited to, artistic services, instructional services, health services, academic program reviews, lectures by individuals, attorneys, legal services, auditors, and management consultants.
- Information technology resources defined as all forms of technology used to create, process, store, transmit, exchange and use information in various forms of voice, video and data, and shall also include the personnel costs and contracts that provide direct information technology support consistent with each individual college's information technology plan.
- Single or sole source procurements for purposes of economy or efficiency in standardization of materials and equipment.
- Items for resale.

Purpose of Acquisition of Material(s) and/or Service(s) _____ Contractor will manage the early retirement program for the College in order to reduce salary costs.

ALL SUPPORTING DOCUMENTATION MUST BE ATTACHED.

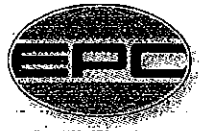
REQUESTER NAME (PRINT): <u>Dr. Edna Chun</u>	REQUESTER TITLE: <u>V.P. HUMAN RESOURCES & EQUITY</u>
REQUESTER SIGNATURE: <u>Edna Chun</u>	DATE: <u>15 APR 2009</u>

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ENCLOSURE





April 15, 2009

Dr. Edna Chunn
Vice President
Human Resources and Equity

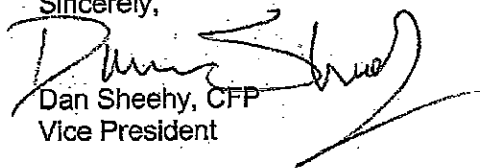
Mr. Alex Denis
Associate Vice-President
Procurement Services

Broward College
225 E. Las Olas Boulevard
Fort Lauderdale, Florida 33301

Dear Dr. Chunn and Mr. Denis:

This letter serves as confirmation that the agreement being drafted between Broward College and EPC complies with all the terms, conditions and pricing of EPC's agreement with Peoria Public Schools which resulted from Peoria's RFP 34-02 and that EPC is extending said terms, conditions and pricing to Broward College.

Sincerely,


Dan Sheehy, CFP
Vice President

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EMPLOYEE SEVERANCE PLAN AGREEMENT

THIS EMPLOYEE SEVERANCE PLAN AGREEMENT (the "Agreement") is entered into as of this ____ day of _____, 2009 by and between the Broward College, a political subdivision of the State of Florida (the "College") and Educators Preferred Corporation, a Michigan corporation ("EPC"), and is entered with reference to the following:

RECITALS

- A. The College wishes to provide certain personnel with a severance program.
- B. EPC provides certain incentive plans, which can benefit the College and its personnel.

AGREEMENTS

NOW, THEREFORE, the parties to this Agreement hereby mutually covenant and agree as follows:

1. **Binding and Entire Agreement.** This Agreement for the Employee Severance Plan (the "Plan" as per Exhibit A attached), constitutes a valid and binding agreement ("Agreement") between the College and EPC. This Agreement supersedes and supplants any and all previous agreements between the parties, written or oral. All amendments hereto shall be binding only if in writing and signed by both parties
2. **Scope of Services Provided by EPC.** EPC, as the recognized consultant and agent of record for the implementation of the Plan, shall perform the following services for so long as such services are due under the Plan:
 - a. Prepare Feasibility Study and Plan Presentation(s).
 - b. Prepare Plan Agreement, Release and Waiver of Claims Agreement, and all election forms for review by the College.
 - c. Conduct retirement workshops and information meetings for eligible employees.
 - d. Print individual booklets which explain the program.
 - e. Conduct individual meetings with eligible persons and spouses.
 - f. Perform timely preparation and delivery of billings for covered participants.
 - g. Perform the following Plan services for participants, provided by EPC or the insurance carrier:
 - (i) Change of names and address.
 - (ii) Change of beneficiaries.
 - (iii) Processing death claims and beneficiary disputes.
 - (iv) General Services: lost checks and replacement checks and electronic transfer of funds.
 - (v) Tax Withholding.
 - h. Secure a group immediate administration contract to assure monthly payments to participants after the close of the window period. The college acknowledges that EPC cannot guarantee rates nor availability of the underlying group administration contract until the contract is issued.
 - i. Present status reports to the Administration of the College as reasonably requested or required.
 - j. Perform such additional services not explicitly listed above, but reasonably necessary for the implementation and administration of the Plan throughout the five to eight year benefit period, such as additional counseling appointments, reports regarding counseling progress, re-prints of documents, photo copies of documents, plan participation reports, calculation of early billing payment discounts, billing summaries, communications to Plan Participants as requested by Superintendent and carbon copies of documents to tax and legal counsel for review.
3. **Term.** This Agreement has been entered as of _____, 2009 on which date the College agreed to pay the sum of \$10,000 to EPC as an advance on the first payment due hereunder. EPC shall credit the College with the \$10,000 for services to be rendered by EPC as more particularly set forth in Paragraph 4 below. The Agreement shall be in force until the obligations of both parties are fulfilled.
4. **Compensation and Payment** In exchange for the consulting services provided by EPC hereunder, the College shall pay to EPC the sum of \$660 per participant electing the Plan if the College pays for the plan in three annual installments, \$550 per participant electing if the College pays for the plan in two annual installments or a one time fee of \$450 per participant if the Plan is paid for in one installment. The consulting fee is meant to accommodate such things as plan structure development, data analysis, feasibility study sessions, meetings and presentations with administration, bargaining

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groups, Board of Trustees, Committees, etc., as well as draft document preparation throughout the window period of election regarding the Plan.

In addition, the College shall pay to EPC the amounts necessary to secure a group benefit administration contract as provided in paragraph 2(h) above. Such funds as are held in escrow by EPC shall not be the property of EPC. Payment hereunder shall be due from the College to EPC in a sum calculated 30 days before benefits commence for Plan participants and thereafter on the first day of each invoice renewal period. The amounts due in each of the billing years shall be determined and finalized in August, and communicated immediately to the College in the form of a detailed annual invoice. These payments shall be due: September, 2009; September, 2010; September, 2011 depending on the payment schedule selected by the College.

Administration Expenses Paid by Underwriting Insurance Carrier –The insurance carrier utilizes EPC to execute all daily administration and participant interactions and communications such as producing complete enrollment packages for all eligible staff members, one-on-one counseling sessions during the window period of election, daily on-line reporting to the College on enrollment status, organization and delivery of executed eligible staff plan documents for College final execution, final roster verification for each benefit participant, performing timely preparation and delivery of billings for covered participants, securing a group benefit administration contract to assure monthly payments to participants after the close of the window period, address changes, questions, photocopies, lost check searches, tax withholding changes, changes in bank or fund depository information, death claims, beneficiary changes, coordination with banks and Post Employment 403(b) providers, securing document storage and retrieval, and the like throughout the entire benefit payout period. EPC shall perform such additional services not explicitly listed above, but reasonably necessary for the implementation and administration of the Plan throughout the five to eight year benefit period, such as additional counseling appointments, counseling progress reports, re-prints of documents, photo copies of documents, plan participation reports, calculation of early billing payment discounts, billing summaries. The guaranteeing insurance carrier allocates ten percent of the plan cost to EPC to be the primary administrator of the Plan throughout the entire five to eight year period. As illustrated in the feasibility study, this administration expense is incorporated in the plan cost and fulfills any and all administration costs for the life of the plan.

For the above compensation, EPC handles the implementation and administration of the plan and the underwriting company assures monthly benefits.

The College shall pay out such funds as are due to EPC or as due in escrow to EPC according to the annual invoice received by the College in connection therewith. The College reserves the right to request from EPC early billing payment discounts any time throughout the billing period.

FICA MATCH: The applicable insurance carrier will send a separate FICA match invoice to the College in each of the years that the benefits are paid to the employee, which applies to Group 2 participants only.

5. **Indemnification.** EPC shall indemnify save harmless the College for any damage to any property caused by or arising out of by reasons of any act of EPC or its employees in connection with or incident to any services provided under the Plan or this Agreement. The College and its employees, directors, Board members, agents, acknowledges that Educators Preferred Corporation and its agents or representatives shall have no liability regarding the tax consequences of payments under this Plan. The College also discharges EPC from any and all claims, actions, damages, agreements, contracts, commitments arising out of the employees' separation from employment, including actions regarding age discrimination and actions arising out of any claims by plan participants as a result of the College's cancellation, termination, or nonpayment of any benefit hereunder.
6. **Further Assurances.** The parties agree to perform such further acts and to execute such further documents as may be reasonably necessary to carry out the purpose and intent of this Agreement.
7. **Attorneys' Fees.** If either party hereto shall bring suit to enforce the terms and provisions hereof or to recover damages for breach, the prevailing party shall be entitled to recover from the other party all cost, expenses and attorneys' fees incurred in connection with the exercise by the prevailing party of its rights and remedies hereunder. The amount of the attorneys' fees is to be determined by the Court

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without a jury. For the purpose of this paragraph, the term prevailing party shall mean, in the case of the claimant, one who is successful in obtaining substantially all of the relief sought, and in the case of the defendant or respondent, one who is successful in denying substantially all of the relief sought by the claimant.

8. **Notices.** Any notice to be given hereunder shall be given in writing and delivered in person or forwarded by certified mail, postage prepaid, at the addresses indicated below, unless the party giving such notice has been notified of a change of such address. Notices shall be deemed received two days after being mailed as set forth below or upon receipt if delivered in person.

College:
Broward College
Attn: Dr. Edna Chunn
225 E Las Olas Blvd.
Fort Lauderdale, FL 33301

EPC
EDUCATORS PREFERRED CORPORATION
Attn: Katy E. Rose, Senior Vice President
26877 Northwestern Highway, Suite 305
Southfield, Michigan 48033-8417

With a copy to:

With a copy to:
Steven Schwartz, Esq.
Sommers, Schwartz, PC
2000 Town Center, Ste. 900
Southfield, MI 48075-1100

9. **Successor and Assignment of Agreement.** This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of the parties hereto. No assignment of this Agreement shall be permitted without the express written approval of the non-assigning party.
10. **Time is of the Essence.** Time is of the essence in the performance of this Agreement and each and every provision hereof.
11. **Waiver.** Neither the failure of nor any delay on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence construed as a waiver of any right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
12. **Construction.** The language and all parts of this Agreement shall be construed as a whole according to its fair meaning, and not strictly for or against either the College or EPC. The parties acknowledge that each party has reviewed this Agreement and has had the opportunity to have it reviewed by its attorney and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits hereto. The headings in this Agreement are for convenience only and are not to be construed as a part of this Agreement or in any way defining, limiting or amplifying the provisions hereof.
13. **Governing Law, Jurisdiction and Venue.** The terms and provisions of this Agreement shall be governed by and construed in accordance with, and interpreted under the laws of the State of Florida. The parties hereto agree and consent that Florida has jurisdiction over this Agreement and any action brought in connection therewith shall be brought in the appropriate court in Florida.
14. **Invalidity.** Invalidity or unenforceability of any covenant, term or condition of this Agreement or any portion of any covenant, term or condition or portion hereof, shall not revoke this Agreement and the remaining terms and conditions hereof shall remain in effect as if such invalid or unenforceable covenant, term or condition (or portion thereof) were not contained herein.
15. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears hereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the

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parties reflected hereon as signatories.

16. **Laws and Regulations.** EPC and its employees shall at all times comply with all applicable laws, ordinances, statutes, rules, and regulations including those relating to wages, hours, and safety.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

BROWARD COLLEGE

EDUCATORS PREFERRED CORPORATION

By _____

By _____

Its _____

Its _____

Dated _____

Dated _____

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